

AMENDED IN SENATE MAY 5, 1998

**SENATE BILL**

**No. 2075**

**Introduced by Senator Polanco**

February 20, 1998

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An act to amend ~~Section 9855~~ *Sections 9855 and 9873* of the Business and Professions Code, relating to service contracts.

LEGISLATIVE COUNSEL'S DIGEST

SB 2075, as amended, Polanco. Appliance and electronics service contracts.

The Electronic and Appliance Repair Dealer Registration Law provides for regulation by the Bureau of Electronic and Appliance Repair of service contracts relating to the maintenance or repair of appliances and electronic sets, defined to include televisions, radios, computer systems, video equipment, photocopiers, facsimile machines, and other related products.

This bill would provide that service contracts subject to regulation under these provisions include service contracts under which the seller of the service contract is responsible for the maintenance or repair of the appliance or electronic set, other than a service contract offered by a builder in conjunction with the sale of a home. *Existing law provides for a registration fee for service contractors of not more than \$75 for each place of business.*

*This bill would provide for a fee established by the director in an amount sufficient to pay for the costs associated with the regulation of service contractors who are not also service dealers.*

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 9855 of the Business and  
2 Professions Code is amended to read:

3 9855. The definitions used in this section shall govern  
4 the construction and terms as used in this chapter:

5 (a) “Service contract” means a contract in writing to  
6 perform, over a fixed period of time or for a specified  
7 duration, services relating to the maintenance or repair  
8 of an electronic set or appliance as defined by this  
9 chapter. “Service contract” includes a contract in writing  
10 for maintenance or repair under which the seller of the  
11 service contract is responsible for maintenance or repair  
12 of the electronic set or appliance, other than a service  
13 contract offered by a builder of a home in conjunction  
14 with the sale of a home.

15 (b) “Service contract administrator” or  
16 “administrator” means a person, other than a service  
17 contract seller or an insurer admitted to do business in  
18 this state, who performs or arranges, or has an affiliate  
19 who performs or arranges, the collection, maintenance,  
20 or disbursement of moneys to compensate any party for  
21 claims or repairs pursuant to a service contract, and who  
22 also performs or arranges, or has an affiliate who performs  
23 or arranges, any of the following activities on behalf of  
24 service contract sellers:

25 (1) Providing service contract sellers with service  
26 contract forms.

27 (2) Participating in the adjustment of claims arising  
28 from service contracts.

29 (3) Arranging on behalf of service contract sellers the  
30 insurance required by Section 9855.2.

31 A service contract administrator shall not be an obligor  
32 on a service contract.

33 (c) “Service contract seller” or “seller” means a  
34 person who sells or offers to sell a service contract to a  
35 service contractholder.

1 (d) “Service contractholder” means a person who  
2 purchases or receives a service contract from a service  
3 contract seller.

4 (e) “Service contractor” means a service contract  
5 administrator or a service contract seller.

6 (f) “Service contract reimbursement insurance  
7 policy” means a policy of insurance issued by an insurer  
8 admitted to do business in this state providing coverage  
9 for all obligations and liabilities incurred by a service  
10 contract seller under the terms of the service contracts  
11 sold in this state by the service contract seller to a service  
12 contractholder. The service contract reimbursement  
13 insurance policy shall either cover all service contracts  
14 sold or specifically cover those contracts sold to residents  
15 of the State of California.

16 *SEC. 2. Section 9873 of the Business and Professions*  
17 *Code, as amended by Section 11 of Chapter 1265 of the*  
18 *Statutes of 1993, is amended to read:*

19 9873. The fees prescribed by this chapter shall be set  
20 by the director by regulation, according to the following  
21 schedule:

22 (a) (1) The initial registration fee for an electronic  
23 repair industry service dealer or for an appliance repair  
24 industry service dealer is not more than one hundred  
25 sixty-five dollars (\$165) for each place of business in this  
26 state. The initial registration fee for a service contractor  
27 ~~is not more than seventy-five dollars (\$75)~~ shall be  
28 *established by the director* for each place of business in  
29 *this state in an amount sufficient to pay for the costs*  
30 *associated with the regulation of service contractors who*  
31 *are not also service dealers.*

32 (2) The initial registration fee for a person who  
33 engages in business as both an electronic repair industry  
34 service dealer and an appliance repair industry service  
35 dealer is not more than three hundred twenty-five dollars  
36 (\$325) for each place of business in this state. The initial  
37 registration fee for a person who is a service contractor  
38 and engages in business as either an electronic repair  
39 industry service dealer or an appliance repair industry

1 service dealer is not more than two hundred forty dollars  
2 (\$240) for each place of business in this state.

3 (3) The initial registration fee for a person who  
4 engages in both the electronic repair industry and the  
5 appliance repair industry as a service dealer and is a  
6 service contractor is not more than four hundred dollars  
7 (\$400) for each place of business in this state.

8 A service dealer or service contractor who does not  
9 operate a place of business in this state, but engages in the  
10 electronic repair industry, the appliance repair industry,  
11 or sells, issues, or administers service contracts in this state  
12 shall pay the registration fee specified herein as if he or  
13 she had a place of business in this state.

14 (b) (1) The annual registration renewal fee for an  
15 electronic repair industry service dealer or for an  
16 appliance repair industry service dealer is not more than  
17 one hundred sixty-five dollars (\$165) for each place of  
18 business in this state, if renewed prior to its expiration  
19 date. The annual registration renewal fee for a service  
20 contractor ~~is seventy-five dollars (\$75)~~ *shall be*  
21 *established by the director* for each place of business in  
22 this state, if renewed prior to its expiration date, *in an*  
23 *amount sufficient to pay for the costs associated with the*  
24 *regulation of service contractors who are not also service*  
25 *dealers.*

26 (2) The annual renewal fee for a service dealer who  
27 engages in the business as both an electronic repair  
28 industry service dealer and an appliance repair industry  
29 service dealer is not more than three hundred dollars  
30 (\$300) for each place of business in this state.

31 (3) The annual renewal fee for a service dealer who  
32 engages in the electronic repair industry and the  
33 appliance repair industry and is a service contractor is not  
34 more than three hundred seventy-five dollars (\$375) for  
35 each place of business in this state.

36 A service dealer or service contractor who does not  
37 operate a place of business in this state, but who engages  
38 in the electronic repair industry, the appliance repair  
39 industry, or sells or issues service contracts in this state

1 shall pay the registration fee specified herein as if he or  
2 she had a place of business in this state.

3 (c) The delinquency fee is an amount equal to 50  
4 percent of the renewal fee for a license in effect on the  
5 date of renewal of the license, except as otherwise  
6 provided in Section 163.5.

7 This section shall remain in effect only until January 1,  
8 2003, and as of that date is repealed, unless a later enacted  
9 statute, which is enacted before January 1, 2003, deletes  
10 or extends that date.

